

EXHIBIT 6

In The Matter Of:

In re: REFCO, INC. SECURITIES LITIGATION

SANTO C. MAGGIO

December 14, 2009

MERRILL CORPORATION

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1	SANTO C. MAGGIO	1	SANTO C. MAGGIO
09:57:56 2	going to be -- swing more widely than it	10:00:24 2	when Refco terminated them.
09:58:00 3	would be a more consistent flow of	10:00:28 3	Q. Mr. Maggio, was there a
09:58:02 4	revenues, such as commission and interest	10:00:30 4	massive fraud that occurred at Refco?
09:58:04 5	income business.	10:00:33 5	A. Yes.
09:58:05 6	Q. What other jobs did you hold	10:00:34 6	Q. Did you participate in that
09:58:16 7	at Refco from 1985 up to 2005?	10:00:36 7	fraud?
09:58:21 8	A. Initially I was vice president	10:00:37 8	A. Yes.
09:58:25 9	of Refco Securities. And then I was	10:00:37 9	Q. And when that fraud was
09:58:28 10	promoted to president of Refco Securities	10:00:41 10	revealed, Refco collapsed; is that true?
09:58:30 11	in '91. I was senior vice president of	10:00:45 11	A. Yes.
09:58:33 12	Refco Group, and then became executive	10:00:45 12	Q. And that collapse occurred in
09:58:36 13	vice president of Refco Group. I was	10:00:48 13	October of 2005?
09:58:38 14	director and vice president of Refco	10:00:50 14	A. Yes.
09:58:42 15	Capital Markets and then became president	10:00:51 15	Q. Did that fraud involve a
09:58:43 16	of Refco Capital Markets. I was a	10:00:56 16	manipulation of Refco's financial
09:58:46 17	director of Refco Singapore, I was a	10:00:58 17	statements?
09:58:48 18	director of Refco -- Refco Paris. I	10:00:58 18	A. Yes.
09:58:55 19	think I was also on the board of	10:00:59 19	Q. Did you participate in
09:58:58 20	directors of Forstmann-Leff.	10:01:02 20	transactions that were designed to hide
09:59:01 21	Q. What was Refco Capital	10:01:03 21	the existence of monies owed to Refco by
09:59:03 22	Markets?	10:01:06 22	an entity known as Refco Group Holdings,
09:59:03 23	A. Refco Capital Markets was an	10:01:09 23	Inc., or RGHI?
09:59:07 24	offshore company based in Bermuda that	10:01:12 24	A. Yes.
09:59:10 25	transacted in foreign exchange and	10:01:12 25	Q. And were those transactions
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1	SANTO C. MAGGIO	1	SANTO C. MAGGIO
09:59:14 2	securities business for clients.	10:01:16 2	documented?
09:59:17 3	Q. Was it a regulated entity?	10:01:18 3	A. Yes.
09:59:19 4	A. No.	10:01:18 4	Q. For what years were they
09:59:19 5	Q. Did you hold any professional	10:01:23 5	documented?
09:59:32 6	licenses while you were at Refco?	10:01:24 6	A. 2000 through 2005.
09:59:33 7	A. Yes.	10:01:34 7	Q. Did the fraud at Refco also
09:59:34 8	Q. Okay. Could you list them for	10:01:36 8	involve the misappropriation or misuse of
09:59:36 9	me.	10:01:39 9	customer funds?
09:59:37 10	A. If I can remember them.	10:01:42 10	MR. TURNBULL: Objection to
09:59:39 11	Q. As best you can recall.	10:01:43 11	form.
09:59:41 12	A. Series 3, Series 4, Series 7,	10:01:46 12	MS. JACOBY: Objection to
09:59:46 13	Series 8, Series 24, and 63.	10:01:48 13	form.
09:59:52 14	Q. Who issues those licenses?	10:01:48 14	A. I don't understand the
09:59:54 15	A. The NASD issues the licenses	10:01:49 15	question.
09:59:57 16	for every one except for Series 3. And I	10:01:49 16	Q. Let me rephrase it. Did the
10:00:02 17	believe the CFTC issues the license for	10:01:51 17	fraud at Refco involve the misuse or
10:00:05 18	63 -- I mean for the Series 3 because	10:01:54 18	misappropriation of customer funds?
10:00:07 19	that's a, that allows you to conduct	10:01:57 19	MS. JACOBY: Objection to
10:00:10 20	business with an FCM.	10:01:57 20	form.
10:00:12 21	Q. What's the current status of	10:01:58 21	MR. TURNBULL: Objection to
10:00:14 22	those licenses, Mr. Maggio?	10:01:59 22	form.
10:00:15 23	A. They've all been terminated.	10:01:59 23	A. Yes.
10:00:18 24	Q. When were they terminated?	10:01:59 24	Q. When did you leave Refco,
10:00:20 25	A. I don't know. I do not know	10:02:07 25	Mr. Maggio?

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1	SANTO C. MAGGIO	1	SANTO C. MAGGIO
10:11:41 2	States versus Joseph Collins?	10:13:57 2	prior to 1997 that led you to believe
10:11:44 3	A. Yes.	10:14:00 3	that Refco was experiencing cash flow
10:11:44 4	Q. Did you testify truthfully at	10:14:02 4	problems?
10:11:47 5	the trial of United States versus Joseph	10:14:02 5	A. Yes.
10:11:49 6	Collins?	10:14:03 6	Q. Could you just generally
10:11:50 7	A. Yes.	10:14:05 7	describe those for me. You don't have to
10:11:50 8	Q. Mr. Maggio, at some point	10:14:07 8	get into great detail.
10:11:58 9	after you started working at Refco, did	10:14:09 9	A. In 1991, '92, the firm, Phil
10:12:00 10	you become aware that Refco was	10:14:19 10	Bennett asked me if I could make --
10:12:02 11	experiencing cash flow problems?	10:14:22 11	arrange with Refco, Inc., which was
10:12:05 12	A. Yes.	10:14:24 12	affiliate to Refco Securities, a
10:12:06 13	Q. When did that first come to	10:14:27 13	transaction where we can utilize some of
10:12:09 14	your attention?	10:14:30 14	Refco, Inc.'s customer funds, seg funds,
10:12:11 15	A. Very late '80s, early '90s.	10:14:35 15	to the tune of \$25 million. Myself and
10:12:22 16	Q. Was it prior to 1997 that you	10:14:44 16	Ray Lacy arranged a situation where we
10:12:24 17	realized that Refco was experiencing cash	10:14:46 17	siphoned off \$25 million of the customer
10:12:27 18	flow problems?	10:14:49 18	seg funds, and I moved that money up to a
10:12:27 19	A. Yes.	10:14:52 19	fund called Refco Capital, which at that
10:12:28 20	Q. And could you describe the	10:14:54 20	time was the treasury and banking arm of
10:12:30 21	nature of those problems?	10:14:56 21	Refco Group.
10:12:33 22	A. I'm sorry, you have to be more	10:14:58 22	Q. What are customer seg funds?
10:12:35 23	specific.	10:15:07 23	A. Broker/dealers and FCMs are
10:12:35 24	Q. What specifically made you	10:15:10 24	required by SEC and CFTC rules to lock up
10:12:37 25	aware that Refco was experiencing cash	10:15:17 25	a certain portion, if not all of the
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1	SANTO C. MAGGIO	1	SANTO C. MAGGIO
10:12:40 2	flow problems.	10:15:19 2	funds that customers put on deposit. In
10:12:41 3	A. The first instance was	10:15:28 3	a bank that is basically labelled
10:12:47 4	sometime in the late '80s, when I was	10:15:31 4	customer seg funds, for the sole use of
10:12:52 5	asking the firm to do a dividend	10:15:33 5	Refco, Inc.'s or Refco Securities'
10:12:56 6	retransaction, where I needed a	10:15:38 6	customers. The bottom line is that the
10:13:00 7	short-term borrowing of several million	10:15:40 7	broker/dealer or FCM is not allowed to
10:13:02 8	dollars, I forget exactly how much. And	10:15:43 8	touch those monies or is not allowed to
10:13:06 9	Bill Karsh told me that Refco lost its	10:15:45 9	commingle those monies with its own
10:13:11 10	cattle feeding operations, I didn't quite	10:15:47 10	capital.
10:13:14 11	understand what that meant. But what he	10:15:48 11	Q. So it was wrong for Refco to
10:13:17 12	told me was that it lost use of the	10:15:52 12	siphon off the \$25 million of customer
10:13:19 13	customer funds in its cattle feeding	10:15:54 13	seg funds to use for its own purposes?
10:13:22 14	operation, and lost use of the inventory	10:15:56 14	A. Yes.
10:13:24 15	that it was pledging for its cattle	10:15:57 15	Q. Did that happen on more than
10:13:27 16	feeding operations. And so that Refco	10:15:59 16	one occasion, where Refco would tap into
10:13:28 17	did not have the cash and was scrounging	10:16:05 17	customer segregated funds?
10:13:34 18	around for cash to supplement the funds	10:16:08 18	A. Yes.
10:13:37 19	it was using to fund its operations.	10:16:08 19	Q. For its own purposes?
10:13:40 20	Q. Did you ever come to an	10:16:10 20	A. Yes.
10:13:41 21	understanding as to what the cattle	10:16:10 21	Q. And there were times even
10:13:43 22	feeding operations were?	10:16:24 22	prior to 1997 that Refco did not generate
10:13:44 23	A. No. I've heard jokes about	10:16:27 23	sufficient fees from its brokerage
10:13:46 24	it, but I didn't quite understand it.	10:16:31 24	activities or its proprietary trading to
10:13:48 25	Q. Were there other incidents	10:16:34 25	cover its day-to-day operations?

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<p>1 SANTO C. MAGGIO</p> <p>10:16:35 2 A. I'm sorry, you have to repeat</p> <p>10:16:37 3 that, I apologize.</p> <p>10:16:39 4 Q. Sure. There were times that</p> <p>10:16:40 5 Refco did not generate sufficient fees</p> <p>10:16:42 6 from its own brokerage business and its</p> <p>10:16:46 7 own proprietary trading to cover its</p> <p>10:16:50 8 day-to-day operations?</p> <p>10:16:51 9 A. I don't quite understand the</p> <p>10:16:55 10 question.</p> <p>10:16:55 11 Q. Okay. Did Refco frequently</p> <p>10:16:58 12 have to tap into customer funds in order</p> <p>10:17:01 13 to fund its day-to-day operations?</p> <p>10:17:03 14 A. Yes.</p> <p>10:17:03 15 Q. And over what period of time</p> <p>10:17:06 16 did that occur?</p> <p>10:17:08 17 A. For as long as I can remember</p> <p>10:17:14 18 at Refco.</p> <p>10:17:15 19 Q. Since you started there in</p> <p>10:17:16 20 1985; right?</p> <p>10:17:17 21 A. Since I -- I stand corrected.</p> <p>10:17:22 22 Since I became a director of Refco</p> <p>10:17:26 23 Capital Markets.</p> <p>10:17:26 24 Q. Which was when?</p> <p>10:17:28 25 A. '93, '94.</p>	<p>1 SANTO C. MAGGIO</p> <p>10:18:47 2 you know, pension funds and cities, were</p> <p>10:18:50 3 depositing monies at RCC, which was</p> <p>10:18:53 4 utilized, which the company was utilizing</p> <p>10:18:55 5 to fund its operations. So that was</p> <p>10:18:57 6 happening very late '80s.</p> <p>10:19:01 7 Q. It was not unusual for Refco</p> <p>10:19:03 8 to siphon off or tap into customer assets</p> <p>10:19:10 9 in order to fund its operations?</p> <p>10:19:14 10 MR. RIEMAN: Objection to</p> <p>10:19:16 11 form.</p> <p>10:19:16 12 A. Define unusual, please.</p> <p>10:19:18 13 Q. How frequently did that occur?</p> <p>10:19:20 14 A. All the time.</p> <p>10:19:29 15 Q. Did Refco ever arrange to</p> <p>10:19:33 16 transfer customer funds that were in</p> <p>10:19:35 17 segregation into nonsegregated accounts</p> <p>10:19:39 18 so that it could use them for its own</p> <p>10:19:42 19 purposes?</p> <p>10:19:43 20 A. I don't quite understand that</p> <p>10:19:46 21 question, sir.</p> <p>10:19:47 22 Q. Did Refco ever take money</p> <p>10:19:49 23 directly out of segregated funds,</p> <p>10:19:52 24 customer segregated funds, in order to</p> <p>10:19:55 25 use for its own purposes?</p>
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<p>1 SANTO C. MAGGIO</p> <p>10:17:34 2 Q. So from at least 1993 or '94,</p> <p>10:17:37 3 you were aware that Refco was having to</p> <p>10:17:38 4 tap into its customers' assets in order</p> <p>10:17:42 5 to fund Refco's day-to-day operations;</p> <p>10:17:45 6 right?</p> <p>10:17:46 7 A. Yes. I stand corrected.</p> <p>10:17:47 8 Obviously I knew about it in '91 and '92,</p> <p>10:17:51 9 when we tapped into the \$25 million of</p> <p>10:17:52 10 the regulated entities' funds. And I was</p> <p>10:17:55 11 aware that we were, we were utilizing</p> <p>10:17:59 12 customer assets in Refco Capital Markets</p> <p>10:18:02 13 from '93 going forward.</p> <p>10:18:04 14 Q. So it's fair to say that from</p> <p>10:18:06 15 1991 or 1992, you were aware that Refco</p> <p>10:18:09 16 was having to tap into its customers'</p> <p>10:18:13 17 assets in order to fund Refco's</p> <p>10:18:16 18 day-to-day operations; correct?</p> <p>10:18:21 19 A. Yes. However, I just want to.</p> <p>10:18:29 20 I was aware earlier than that too,</p> <p>10:18:31 21 because we had an over-the-counter</p> <p>10:18:34 22 option, we were trading over-the-counter</p> <p>10:18:36 23 options for clients. And those monies</p> <p>10:18:39 24 were deposited at Refco Capital Corp.,</p> <p>10:18:42 25 and those clients, which were basically,</p>	<p>1 SANTO C. MAGGIO</p> <p>10:19:58 2 MS. RENDON: Objection to</p> <p>10:19:59 3 form.</p> <p>10:20:06 4 A. I mentioned with the FCM that</p> <p>10:20:16 5 we took \$25 million out of the segregated</p> <p>10:20:19 6 accounts and sent it to Refco Capital</p> <p>10:20:23 7 Corp.</p> <p>10:20:23 8 Q. Did you take that money</p> <p>10:20:24 9 directly out of the segregated account or</p> <p>10:20:27 10 did you have to transfer it somewhere</p> <p>10:20:29 11 first before you could use it?</p> <p>10:20:30 12 A. We transferred it to Refco</p> <p>10:20:33 13 Capital.</p> <p>10:20:33 14 Q. Refco Capital Corporation or</p> <p>10:20:35 15 Refco Capital Markets?</p> <p>10:20:36 16 A. Actually Refco Capital Corp.</p> <p>10:20:41 17 Q. And what was Refco Capital</p> <p>10:20:44 18 Corporation?</p> <p>10:20:44 19 A. It was a nonregulated entity</p> <p>10:20:47 20 in Refco that handled the treasury and</p> <p>10:20:52 21 financing and banking arms or cash</p> <p>10:20:54 22 management arms -- cash management for</p> <p>10:20:58 23 Refco Group in the entire '90s and early</p> <p>10:21:06 24 2000s.</p> <p>10:21:07 25 Q. Did Refco Capital Corp. serve</p>

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<p>1 SANTO C. MAGGIO</p> <p>10:34:45 2 contacted Mr. Collins again. Basically</p> <p>10:34:47 3 told him that we needed to be able to</p> <p>10:34:49 4 have use to the customer funds. And then</p> <p>10:34:51 5 Mr. Collins came back to me and said</p> <p>10:34:54 6 listen, you know, there are certain</p> <p>10:34:56 7 things that we can and cannot do. And we</p> <p>10:34:59 8 went over all his issues.</p> <p>10:35:01 9 And one of them was some of</p> <p>10:35:03 10 the businesses that I really didn't care</p> <p>10:35:05 11 about, which was, you know, the equity</p> <p>10:35:08 12 business, the options on equities, which</p> <p>10:35:11 13 I couldn't care less whether we moved</p> <p>10:35:14 14 that into RSL, because there were no</p> <p>10:35:16 15 customer funds or very little customer</p> <p>10:35:18 16 funds on deposit that were associated</p> <p>10:35:20 17 with it. But the bulk of business, like</p> <p>10:35:23 18 the emerging market debt, and some of the</p> <p>10:35:25 19 other businesses, you know, he agreed</p> <p>10:35:28 20 that because, you know, of what he</p> <p>10:35:32 21 perceived as procedures, that we would be</p> <p>10:35:33 22 able to keep that offshore.</p> <p>10:35:37 23 Q. So Mr. Collins agreed with you</p> <p>10:35:39 24 that you could keep RCM offshore?</p> <p>10:35:43 25 A. Most of the businesses or a</p>	<p>1 SANTO C. MAGGIO</p> <p>10:36:42 2 Q. The question was, RCM was not</p> <p>10:36:45 3 actually conducting offshore operations?</p> <p>10:36:48 4 A. In 2002?</p> <p>10:36:49 5 Q. Correct.</p> <p>10:36:50 6 MR. RIEMAN: Objection to</p> <p>10:36:51 7 form.</p> <p>10:36:51 8 A. Correct.</p> <p>10:37:05 9 Q. Did RCM commingle all of its</p> <p>10:37:10 10 customers' assets?</p> <p>10:37:13 11 MR. TURNBULL: Objection as to</p> <p>10:37:14 12 form.</p> <p>10:37:15 13 A. Yes.</p> <p>10:37:15 14 Q. In other words, RCM did not</p> <p>10:37:17 15 segregate customer assets?</p> <p>10:37:19 16 A. Correct.</p> <p>10:37:19 17 Q. And did RCM have assets of its</p> <p>10:37:23 18 own separate and apart from customer</p> <p>10:37:26 19 deposits?</p> <p>10:37:28 20 A. Define assets.</p> <p>10:37:32 21 Q. Did RCM have assets separate</p> <p>10:37:34 22 and apart from the customer deposits?</p> <p>10:37:39 23 A. Segregated away from the</p> <p>10:37:42 24 customer deposits or did it have its own</p> <p>10:37:44 25 assets?</p>
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<p>1 SANTO C. MAGGIO</p> <p>10:35:46 2 good portion of the business is offshore,</p> <p>10:35:49 3 yes.</p> <p>10:35:49 4 Q. Is that in fact what happened?</p> <p>10:35:50 5 A. That's in fact what's</p> <p>10:35:52 6 happened.</p> <p>10:35:57 7 Q. Was anyone else at Refco</p> <p>10:36:00 8 involved in those discussions?</p> <p>10:36:02 9 A. What discussions?</p> <p>10:36:04 10 Q. With Mr. Collins about keeping</p> <p>10:36:08 11 RCM's operations offshore.</p> <p>10:36:10 12 A. Mr. Klejna.</p> <p>10:36:18 13 Q. While these discussions were</p> <p>10:36:20 14 occurring, was it in fact true that RCM's</p> <p>10:36:24 15 operations were occurring in the U.S.;</p> <p>10:36:26 16 right?</p> <p>10:36:26 17 A. Yes.</p> <p>10:36:26 18 Q. It was not actually conducting</p> <p>10:36:29 19 offshore operations during this period of</p> <p>10:36:32 20 time; right?</p> <p>10:36:33 21 MR. RIEMAN: Objection to</p> <p>10:36:33 22 form.</p> <p>10:36:37 23 Q. Go ahead.</p> <p>10:36:38 24 A. I'm sorry. I'm sorry, repeat</p> <p>10:36:41 25 that question.</p>	<p>1 SANTO C. MAGGIO</p> <p>10:37:44 2 Q. Did it have its own assets?</p> <p>10:37:48 3 A. I can't answer that question.</p> <p>10:37:55 4 Because sometimes Refco Capital Markets</p> <p>10:37:57 5 would invest in securities for its own</p> <p>10:38:00 6 account. So I guess that would be an</p> <p>10:38:01 7 asset.</p> <p>10:38:02 8 Q. Is it fair to say that the</p> <p>10:38:04 9 vast majority of the assets at Refco</p> <p>10:38:08 10 Capital Markets consisted of customer</p> <p>10:38:09 11 deposits?</p> <p>10:38:10 12 A. Yes.</p> <p>10:38:11 13 Q. And those were all commingled;</p> <p>10:38:17 14 right?</p> <p>10:38:18 15 A. Yes.</p> <p>10:38:19 16 Q. In a single account, a single</p> <p>10:38:23 17 bank account at Chase; right?</p> <p>10:38:27 18 A. Yes.</p> <p>10:38:37 19 Q. And that was the money --</p> <p>10:38:41 20 strike that.</p> <p>10:38:42 21 Those were the assets that</p> <p>10:38:44 22 were transferred to Refco Capital</p> <p>10:38:48 23 Corporation in order to fund the</p> <p>10:38:49 24 operations of Refco?</p> <p>10:38:50 25 A. Yes.</p>

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In The Matter Of:

In re: REFCO, INC. SECURITIES LITIGATION

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<p>1 SANTO C. MAGGIO</p> <p>15:16:14 2 bringing in fresh blood and new blood and</p> <p>15:16:17 3 better, you know, better ideas would help</p> <p>15:16:20 4 increase the business that we do.</p> <p>15:16:22 5 Because BAWAG was getting a</p> <p>15:16:24 6 percentage of the business, not only</p> <p>15:16:26 7 rent, but they were getting a percentage</p> <p>15:16:28 8 of the business that we were doing</p> <p>15:16:29 9 through that desk. And the more business</p> <p>15:16:31 10 we did, the more money they would make.</p> <p>15:16:39 11 Q. Did Mr. Hackl ask you any</p> <p>15:16:41 12 questions about Mr. Fetner's departure?</p> <p>15:16:43 13 A. Yes.</p> <p>15:16:43 14 Q. What did he ask you?</p> <p>15:16:45 15 A. Why he left.</p> <p>15:16:46 16 Q. And what did you tell him?</p> <p>15:16:47 17 A. Just told him there was, you</p> <p>15:16:49 18 know, it was a decision made, you know,</p> <p>15:16:51 19 by both Barry and Phil.</p> <p>15:16:53 20 Q. Did you give him any other</p> <p>15:16:54 21 information about that?</p> <p>15:16:55 22 A. No.</p> <p>15:16:55 23 Q. And do you know why Mr. Fetner</p> <p>15:16:59 24 left?</p> <p>15:17:00 25 A. Yes.</p>	<p>1 SANTO C. MAGGIO</p> <p>15:18:14 2 BAWAG that that was the real reason</p> <p>15:18:18 3 Mr. Fetner left?</p> <p>15:18:18 4 A. No.</p> <p>15:18:19 5 Q. Do you know if anyone else at</p> <p>15:18:20 6 Refco communicated with anyone at BAWAG</p> <p>15:18:22 7 as to the real reason why Mr. Fetner</p> <p>15:18:25 8 left?</p> <p>15:18:25 9 A. I don't know.</p> <p>15:18:27 10 Q. Now, you testified that when</p> <p>15:18:43 11 customers of Refco put money on deposit</p> <p>15:18:47 12 at Refco Capital Markets, Refco Capital</p> <p>15:18:48 13 Markets could do whatever it wanted with</p> <p>15:18:50 14 those funds; right?</p> <p>15:18:51 15 A. That's what I testified to,</p> <p>15:18:52 16 yes.</p> <p>15:18:53 17 Q. And why was that, that RCM</p> <p>15:18:55 18 could do whatever it wanted with the</p> <p>15:18:57 19 funds?</p> <p>15:18:57 20 A. Because it was in the customer</p> <p>15:18:58 21 agreement.</p> <p>15:19:03 22 Q. What do you mean by the</p> <p>15:19:04 23 customer agreement?</p> <p>15:19:04 24 A. Clients signed an agreement</p> <p>15:19:09 25 with RCM. And in that agreement it</p>
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<p>1 SANTO C. MAGGIO</p> <p>15:17:00 2 Q. And what's the reason for</p> <p>15:17:02 3 that?</p> <p>15:17:02 4 A. Mr. Fetner discovered that we</p> <p>15:17:06 5 were failing on clients in FX, and he</p> <p>15:17:12 6 contacted Phil Bennett, it did not happen</p> <p>15:17:19 7 once, but it happened twice. And Phil --</p> <p>15:17:23 8 and Barry decided to leave the company.</p> <p>15:17:25 9 And Phil ended up writing the separation</p> <p>15:17:29 10 agreement. And Barry left the company.</p> <p>15:17:35 11 Q. When you say that Mr. Fetner</p> <p>15:17:37 12 discovered that we were failing on</p> <p>15:17:39 13 clients in FX, can you explain what you</p> <p>15:17:42 14 mean by that?</p> <p>15:17:51 15 A. On a daily basis we have</p> <p>15:17:53 16 contractual obligations with a number of</p> <p>15:17:55 17 banks for foreign exchange trades. And</p> <p>15:17:58 18 we would pick one bank and not pay them.</p> <p>15:18:00 19 And we would utilize that money to fund</p> <p>15:18:02 20 the operations of Refco.</p> <p>15:18:04 21 Q. Okay. And you didn't tell</p> <p>15:18:07 22 Mr. Hackl that that was the real reason</p> <p>15:18:09 23 why Mr. Fetner left; right?</p> <p>15:18:11 24 A. That's correct.</p> <p>15:18:12 25 Q. Did you tell anyone else at</p>	<p>1 SANTO C. MAGGIO</p> <p>15:19:11 2 states that the firm has a right to</p> <p>15:19:13 3 commingle, hypothecate, do anything with</p> <p>15:19:17 4 the assets the customer is depositing at</p> <p>15:19:20 5 RCM.</p> <p>15:19:20 6 Q. And so because RCM was an</p> <p>15:19:24 7 unregulated entity, and because the</p> <p>15:19:27 8 client signed an agreement with RCM, you</p> <p>15:19:31 9 believed that it was okay for RCM to take</p> <p>15:19:33 10 customer funds and use them as it needed</p> <p>15:19:35 11 to fund Refco operations; is that right?</p> <p>15:19:37 12 A. I didn't say it was okay, I</p> <p>15:19:39 13 said that we had a right to do it.</p> <p>15:19:41 14 Q. Meaning that you had a legal</p> <p>15:19:42 15 right to do it?</p> <p>15:19:42 16 A. Yes.</p> <p>15:19:43 17 Q. Okay. But you didn't believe</p> <p>15:19:44 18 that was okay to do?</p> <p>15:19:45 19 A. I think in hindsight that was</p> <p>15:19:47 20 not okay.</p> <p>15:19:48 21 Q. In hindsight you think it was</p> <p>15:19:49 22 improper?</p> <p>15:19:50 23 A. Right.</p> <p>15:19:51 24 Q. And why do you think it was</p> <p>15:19:52 25 improper?</p>

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